

Iute Group reports unaudited results for 6M/2024

Evolution to quality also gaining momentum in quantity

Strategic Highlights

- Longer maturities and stronger customers are having an increasing effect in offsetting falling effective annual interest rates and rising interest costs as a result of growth.
- Number of active customers at 268 thousand (31 Dec. 2023: 274 thousand) with revenue per customer (LTM) up to 369 EUR (6M/2023: 338 EUR).
- Total number of customers up to 1,1 million (31 Dec. 2023: 1,05 million).
- Group consolidated balance sheet up 5,5% to 396,5 million EUR and equity up 8,8% to 69,4 million EUR as of 30 June 2024.
- Increasing use of Mylute app – 993 thousand downloads as of 30 June 2024 (31 Dec. 2023: 813 thousand).
- Wallet services and digital insurance brokerage continue to grow significantly faster than lending business – further acceleration expected.
- In July 2024, Fitch Ratings (Fitch) assigned a B- (Stable Outlook) Long-Term Issuer Default Rating (IDR) and a B- Senior Secured Debt Rating for EUR Bond 2021/2026.

Operational Highlights

- Loan payouts at already high levels showing further increased by 38,0% to 184,6 million EUR (6M/2023: 133,8 million EUR).
- Number of loans signed with 167 thousand at prior-year level (6M/2023: 168 thousand).
- Cost of risk, expressed as net impairment charges to average gross loan portfolio, decreased to 9,0% (6M 2023: 11,0%), underlying trajectory to improvement of customer quality
- Gross loan portfolio up 13,0% to 284,7 million EUR (31 Dec. 2023: 252,0 million EUR) of which principal amount of loans increased 14,1% to 264,9 million EUR (31 Dec. 2023: 232,2 million EUR).
- Repayment discipline (Customer Performance Index, CPI30) at 86,4% (6M/2023: 88,1%), as a result of still below-average Situation in Bulgaria.
- Net loan portfolio up 14,4% to 265,7 million EUR (31 Dec. 2023: 232,2 million EUR).
- 77 cardless ATMs operational (31 Dec. 2023: 75 ATMs).

Financial Highlights

- Interest and commission fee income down 1,8% to 45,2 million EUR (6M/2023: 46,0 million EUR) which is attributable to the lower income from government bonds at Energbank.
- Interest and commission fee income adjusted for Energbank's income from government bonds increased by 1,9 % to 44,0 million EUR (6M/2023: 43,2 million EUR).
- Net interest and commission fee income down 5,0% to 31,3 million EUR (6M/2023: 32,9 million EUR) attributable to higher interest expenses as a result of growth and a continued decline in APRs.
- Net interest and commission fee income adjusted for Energbank's income from government bonds with 30,1 million EUR remained at previous year's period (6M/2023: 30,1 million EUR).
- Total revenue up 3,4% to 53,6 million EUR (6M/2023: 51,9 million EUR) – adjusted for Energbank's income from government bonds up 6,7% to 52,4 million EUR (6M/2023: 49,1 million EUR).
- Cost-to-revenue ratio up to 43,8% (6M/2023: 42,9%) as a result of lower income from government bonds at Energbank and higher personnel expenses related to recruitment of highly talented staff.
- EBITDA adjusted for FX down 11,2% to 20,5 million EUR (6M/2023: 23,1 million EUR adjusted for FX and one-off expenses related to the acquisition of Energbank in the amount of 3,1 million EUR).
- Net profit at 4,1 million EUR compared to 7,0 million EUR, attributable to increased personnel expenses related to recruitment of highly talented staff, while the prior-year period was influenced by stronger FX gains.
- Strong capitalization and profitability affected by discretionary strong growth efforts still in line with Eurobond covenants.

Statement of the Management

Iute Group's progress in the H1 2024 has been calm. The overall result is made up of many moving parts, some of which were expected to perform better. The most pleasing results have been achieved in the business activities that have been busy acquiring new customers and by the increased transactional activity of customers within Iute Group's services ecosystem. The least pleasing observations relate to the increased pressure on profitability, which the Group has not managed to cope in line with expectations.

The loan portfolios of both the bank and non-bank businesses grew along with maturities. Energbank partially compensated for the revenue it previously generated with high-yield government bonds by replacing the amortized bonds and growing its loan portfolio in H1 2024 by more than 14 million EUR or +21% compared to the end of the previous year. Iute non-bank has increased its net loan portfolio by 18 million EUR or +10%. The weighted average maturity of both bank and non-bank loans exceeds 24 months. The Group's consolidated net loan portfolio totaled 265 million EUR at the end of H1 2024, in line with the target set of 300 million EUR by the end of 2024.

The Group's profitability has been achieved despite a steady decline in loan pricing. Non-bank loans have an APR of nearly 37%, while bank loans yield only 11%, and we expect the downward trend to continue. At the same time, lending regulations are tightening and competition continues to increase. A declining APR is beneficial to loan customers, but requires the lender to maintain prudent management of credit risk and operating expenses. In H1 2024, lending margins narrowed as the cost of deposits, bonds and other forms of capital rose faster by +6.2% year-on-year. On the upside, margin pressure was partially offset by improved operational efficiency in non-bank business, where the use of automated processes reduced costs.

Revenues grew in all non-bank value streams: loans, wallet, and insurance brokerage, while Energbank's revenues declined as the "party" on high-yield government bonds ended and the newly originated loan portfolio is not yet generating adequate revenues. From a consolidated perspective, the Group's revenues in H1 2024 increased by +3.4% year-on-year, but more slowly than the 5.6% hike in total operating expenses. Consequently, operating expenses remain a source of pressure to profitability due to compliance costs, but also due to costs related to Energbank's turnaround.

Looking back at H1 2024 it is fair to say that the non-bank business supports the banking business more than the other way around. Nevertheless, building and leveraging synergies between bank and non-bank businesses is ongoing and we expect to see the first fruits of technology and data sharing still in 2024, which will translate into higher revenues and a larger customer pool for the bank.

Adding to the complexity of the picture is the cost of credit risk. The Group's allowances for loan impairment in H1 2024 increased by 9.5% year-on-year, as also reflected in the non-bank CPI30, which remained at 86.4% in May and June 2024.

Both bank and non-bank businesses grew in terms of asset size. The asset growth was achieved along with more customers. However, the non-bank business attracted more than 4,000 customers in Q2 2024 while Energbank added a few hundred customers only. Until Energbank starts offering fully digital services, there is little incentive for our target customers to switch from their existing banking service provider. In total, the Group reached 229,310 performing individual customers who use and pay for our services.

The transaction activity of the Group's customers', both bank and non-bank, increased both in terms of the number of transactions executed with the Iute Wallet and in terms of volume. Revenues from wallet services grew to 2.6 million EUR in H1 2024 on a year-on-year basis, accelerating to 23% from Q1 to Q2.

Iute Group's insurance brokerage revenues hiked and reached a significant 1.4 million EUR in H1 2024. Here, Q2 revenues doubled over Q1, a gratifying demonstration of the team's aggressive growth efforts. In total, both wallet and insurance revenues exceeded 7.5% of the Group's total revenues and show a sustainable growth trend.

In the coming quarters, pressure on efficiency will remain high. Especially Energbank's operational turnaround will remain an ongoing challenge with occasional signs of progress. We are not satisfied with the bank's opex-to-revenue ratio, which remains above 60%.

On the bottom line, progress to achieve the Group's annual net profit target of 15 million EUR has slowed in H1 2024, while other key performance indicators are well on track.

Tarmo Sild
CEO of Iute Group

Consolidated key financial figures

	30 June 2024	31 Dec. 2023	Δ in %
Capitalization			
Gross loan portfolio (in thousand EUR)	284.736	251.950	13,0%
<i>lute Non-Bank</i>	201.964	185.842	8,7%
<i>Energbank</i>	82.773	66.108	25,2%
Net loan portfolio (in thousand EUR)	265.713	232.171	14,4%
<i>lute Non-Bank</i>	186.519	169.414	10,1%
<i>Energbank</i>	79.194	62.757	26,2%
Assets (in thousand EUR)	396.500	375.799	5,5%
Equity (in thousand EUR)	69.403	63.818	8,8%
Equity to assets ratio	17,5%	17,0%	0,5%
Capitalization ratio	26,1%	27,5%	-1,4%
	6M/2024	6M/2023	Δ in %
Profitability			
Interest income	45.196	46.034	-1,8%
<i>lute Non-Bank</i>	37.587	36.880	1,9%
<i>Energbank</i>	7.608	9.172	-17,0%
Net interest margin	25,9%	32,7%	-6,8%
<i>lute Non-Bank</i>	28,2%	33,0%	-4,8%
Adjusted cost to income ratio	43,8%	42,9%	0,9%
<i>lute Non-Bank</i>	39,4%	40,0%	-0,6%
<i>Energbank</i>	68,5%	56,7%	11,8%
Post-allowances operating profit margin	10,6%	13,0%	-2,4%
<i>lute Non-Bank</i>	10,6%	11,3%	-0,7%
Adjusted EBITDA	20.520	23.117	-11,2%
<i>lute Non-Bank</i>	17.566	18.055	-2,7%
<i>Energbank</i>	2.954	5.062	-41,6%
Interest coverage ratio	1,5	1,8	-25,8%
Profit margin before tax	10,9%	17,6%	-6,66%
Net profit	4.068	6.971	-41,6%
Return on assets	2,0%	4,2%	-2,2%
Return on equity	10,9%	23,4%	-12,5%
	30 June 2024	31 Dec. 2023	Δ in %
Asset quality			
Cost of risk	9,0%	11,0%	-2,0%
<i>lute Non-Bank</i>	12,1%	14,1%	-2,0%
<i>Energbank</i>	0,5%	-0,4%	0,9%
Impairment coverage ratio	71,5%	65,7%	5,8%
<i>lute Non-Bank</i>	65,7%	60,6%	5,1%
<i>Energbank</i>	116,2%	113,0%	3,2%
Gross NPL ratio	9,3%	11,9%	-2,6%
<i>lute Non-Bank</i>	11,6%	14,6%	-2,9%
<i>Energbank</i>	3,7%	4,5%	-0,8%
Net NPL ratio	4,7%	7,0%	-2,2%
<i>lute Non-Bank</i>	6,6%	9,3%	-2,7%
<i>Energbank</i>	0,4%	0,6%	-0,3%

MANAGEMENT REPORT

Group Corporate and Organizational Overview

lute Group AS (formerly luteCredit Europe) is a holding company which issues consumer and corporate credits and offers personal finance services via its owned operating subsidiaries in local markets (**Subsidiaries**). As of 31 Dec. 2023, ICE had nine operating subsidiaries: OCN lute Credit SRL (**ICM**) and BC Energbank S.A. (**EB**) in Moldova, luteCredit Albania SHA (**ICA**) and lutePay Sh.p.k. (**IPA**) (formerly VeloxPay Sh.P.K ,Velox) in Albania, luteCredit Macedonia DOOEL–Skopje (**ICMK**) in North Macedonia, lutePay Bulgaria EOOD (**lutePay Bulgaria**) and luteCredit Bulgaria EOOD (**ICBG**) in Bulgaria, luteCredit BH d.o.o. Sarajevo (**ICBH**) in Bosnia and Herzegovina, luteCredit Finance S.á r.l. (**ICF**) in Luxembourg. lutePay Bulgaria EOOD was inactive during financial year 2023. lute Group AS and its subsidiaries form the **lute Group** or **lute** on a consolidated level.

Operationally active companies of the lending business are collectively shown as **lute Non-Bank (INB)**, while the banking business of the lute Group consists of **Energbank (EB)**. All subsidiaries are 100% owned by lute Group AS, except Energbank where lute Group AS holds a 95% stake. lute Group AS plans to acquire the largest possible stake in the bank by purchasing shares at market conditions. Once the new members of the Bank's governing bodies seconded by lute Group AS are elected and approved by the National Bank of Moldova, lute Group AS will be able to exercise full operational control over the Bank.

The Group's Headquarters (**HQ**) is located in Tallin, Estonia. HQ's responsibilities include:

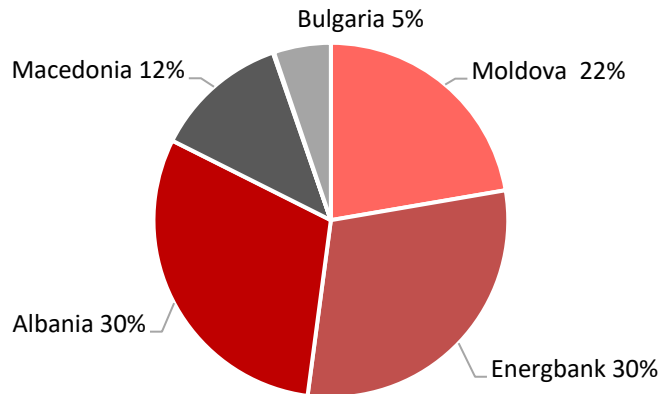
- Strategic targeting
- Scalability of business
- Business capabilities design, including organizations design, process design, and technology design
- Technology development and integration
- Composition of management teams at subsidiaries
- Human resource and customer experience framework rules and targeting guidance
- Financial management framework rules and targeting guidance
- Marketing and sales framework rules and targeting guidance
- Enterprise risk management, including loan products approval and general compliance framework
- Data harvesting
- The Group's financing and investor relations

Each subsidiary is autonomously managed by the respective country's local management within the boundaries and targets set by the HQ and by the country's regulatory framework.

Business Model

The Group’s core loan products are unsecured installment loans and buy-now-pay-later loans with maturities between 3 months and 48 months and pledge-secured loans with maturities of up to 72 months. The median loan amount is 500 EUR, while loan amounts range from 50 EUR to 10 thousand EUR. The weighted average annual percentage rate (APR) is 46% and the effective interest rate (EIR) is 55% depending on the loan amount, maturity, and customer status (new or recurring customer with good payment history).

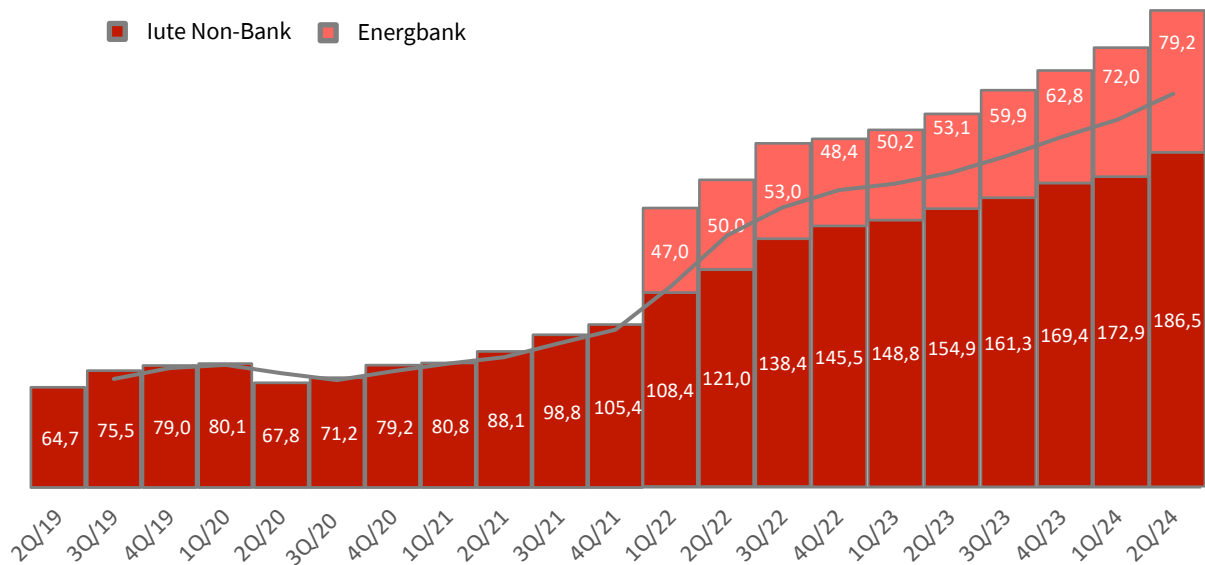
Breakdown of portfolio diversification as of 30/06/2024



lute Group aims to serve only clients with a permanent workplace and stable income. The loan underwriting process is based on personal identification, personal income assessment, and personal loan performance data. Approximately 57% of loan applications by individual customers across the Group are approved on average.

Loans are handled via established partners network (such as shops, money transfer companies, and postal agencies), web portals, and other online channels, as well as lute branches (retail offices). By the end of Mar. 2024, lute Group had 43 lute branches and 2.642 active points of sale, and 28 Energbank branches. Traditionally, lute Non-Bank handles money only via bank accounts or over the counter through its agents. With the introduction of lute ATMs, the operating country subsidiaries are increasingly carrying out cash transactions.

Breakdown of net portfolio development in EUR (million)



Consolidated earnings, financial and asset position

Consolidated statement of profit and loss (condensed)

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Interest and similar income	45.196	46.034	-1,8%
Interest and similar expense	-13.909	-13.099	6,2%
Net interest and commission fee income	31.286	32.935	-5,0%
Loan administration fees and penalties	3.600	3.203	12,4%
Total loan administration fees and penalties	3.600	3.203	12,4%
Other income	4.808	2.624	83,2%
Allowances for loan impairment	-12.432	-11.351	9,5%
Net operating income	27.263	27.412	-0,5%
Personnel expenses	-11.638	-10.782	7,9%
Depreciation/amortization charge	-2.345	-1.815	29,2%
Other operating expenses	-9.514	-9.662	-1,5%
Total operating expenses	-23.498	-22.260	5,6%
Foreign exchange gains/losses	1.167	2.938	-60,3%
Net financial result	1.167	2.938	-60,3%
Profit before tax	4.932	8.089	-39,0%
Income tax expense	-864	-1.118	-22,8%
Net profit for the period	4.068	6.971	-41,6%

Total income

Total income before expenses increased by 3,4% to 53.604 thousand EUR (6M/2023: 51.862 thousand EUR) – adjusted for Energbank's income from government bonds up 6,7% to 52,4 million EUR (6M/2023: 49,1 million EUR).

Breakdown of consolidated total income

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Interest and similar income	45.196	46.034	-1,8%
<i>lute Non-Bank</i>	37.588	36.880	1,9%
<i>Energbank</i>	7.608	9.154	-16,9%
Penalties and similar income	3.600	3.203	12,4%
<i>lute Non-Bank</i>	3.554	3.170	12,1%
<i>Energbank</i>	46	33	40,3%
Other income	4.808	2.624	83,2%
<i>lute Non-Bank</i>	4.294	2.665	61,1%
<i>Energbank</i>	515	-41	n/a
Total income	53.604	51.862	3,4%

Other income

Other income in 6M/2024 of 4.808 thousand EUR included, primarily, extraordinary income from debt collectors of 1.989 thousand EUR (6M/2023: 1.487 thousand EUR), income of 461 thousand EUR (6M/2023: 113 thousand EUR) from sales of defaulted loan portfolio, and income from other operations not related to core business activity of 236 thousand EUR (6M/2023: 220 thousand EUR). Defaulted loan portfolio sale depends on the offered price and lute Group's own expectations of the collection. In case the collection results promise better cash flow than portfolio sales, the defaulted loans are not sold. Particularly noteworthy is the increase in revenues from insurance brokerage to 1.384 thousand EUR (6M/2023: 795 thousand EUR).

Interest income

Interest income decreased by 1,8% to 45.196 thousand EUR (6M/2023: 46.034 thousand EUR), attributable in particular to the lower income from government bonds at Energbank – adjusted for Energbank's income from government bonds up 1,9 % to 44,0 million EUR (6M/2023: 43,2 million EUR).

Breakdown of interest income

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Total value of loan principal issued	184.632	133.769	38,0%
<i>lute Non-Bank</i>	144.691	109.767	31,8%
<i>Energbank</i>	39.941	24.002	66,4%
Average net loan portfolio	248.942	200.780	24,0%
<i>lute Non-Bank</i>	177.966	150.131	18,5%
<i>Energbank</i>	70.976	50.650	40,1%
Principal	264.905	211.686	25,1%
<i>lute Non-Bank</i>	182.993	156.144	17,2%
<i>Energbank</i>	81.912	55.543	47,5%
Accrued interest	19.831	19.580	1,3%
<i>lute Non-Bank</i>	18.971	18.826	0,8%
<i>Energbank</i>	861	754	14,1%
Average annualized interest rate on net portfolio	37,4%	47,0%	-20,4%
<i>lute Non-Bank</i>	37,4%	47,0%	-20,4%
<i>Energbank</i>	12,4%	18,1%	-31,5%
Interest income	45.196	46.052	-1,9%
<i>lute Non-Bank</i>	37.587	36.880	1,9%
<i>Energbank</i>	7.608	9.172	-17,0%

Breakdown of interest income by countries

	6M/2024	Total share in %	6M/2023	Total share in %	Δ in %
Moldova	9.414	20,8%	11.700	25,4%	-19,5%
Energbank*	7.608	16,8%	9.154	19,9%	-16,9%
Albania	17.163	38,0%	14.785	32,1%	16,1%
Macedonia	7.608	16,8%	7.917	17,2%	-3,9%
Bulgaria	3.333	7,4%	1.977	4,3%	68,6%
Discontinued operations					
Bosnia	70	0,2%	500	1,1%	-86,1%
Total	45.196	100,0%	46.033	100,0%	-1,8%

* Energbank interest income adjusted for government bonds increased by 1,4% to 6.458 thousand EUR (6M/2023: 6.367 thousand EUR).

Interest expense

Interest expense increased by 6,2% to 13.909 thousand EUR (6M/2023: 13.099 thousand EUR) through borrowing in line with business growth.

Breakdown of interest expense

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Interest on amounts due to creditors	-4.787	-3.361	42,4%
Interest on financial lease liabilities	-121	-118	2,6%
Interest on bonds	-7.889	-8.147	-3,2%
Interests on deposits	-1.112	-1.474	-24,5%
Total	-13.909	-13.099	6,2%

Loan administration fees and penalties

Income from other fees and penalties increased by 12,4% to 3.600 thousand EUR (6M/2023: 3.203 thousand EUR) reflecting penalties and delay interests, resigns, deduction by dealer bonuses, and other secondary fees.

Breakdown of administration fees and penalties

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Penalties under loans and delay interests	3.615	3.498	3,3%
<i>lute Non-Bank</i>	3.569	3.465	3,0%
<i>Energbank</i>	46	33	40,3%
Resigns under customer loans	190	237	-19,8%
Dealer bonuses	-319	-593	-46,3%
Other fees from additional services	114	62	83,3%
Total	3.600	3.203	12,4%

Allowances for loan impairment

Change in allowances for consolidated loan impairment increased by 9,5% to 12.432 thousand EUR (6M/2023: 11.351 thousand EUR), less disproportionately than the increase in the loan book. Allowances at Energbank are determined at the end of June and Dec. only, accordingly, allowances at Energbank increased to 199 thousand EUR (6M/2023: 66 thousand EUR). Changes in allowances for loan impairment at lute Non-Bank increased by 1,4% to 12.204 thousand EUR (6M/2023: 12.033 thousand EUR).

Breakdown of allowances for loan impairment

(In thousand EUR)	6M/2024	6M/2023	Δ in %
At the beginning of period	-19.778	-21.593	-8,4%
Allowances for loan impairment	-12.432	-11.351	9,5%
Utilized	12.991	9.626	35,0%
Exchange differences	196	98	100,0%
At the end of the period	-19.023	-23.220	-18,1%
(In thousand EUR)	6M/2024	6M/2023	Δ in %
Impairment charges on loans	-12.432	-11.351	9,5%
Net impairment charges	-12.432	-11.351	9,5%

The amount utilized is split between the sale of defaulted loan and monthly write-offs.

Overall net impairment losses represented 27,5% of interest income (6M/2023: 24,7%). The cost of risk, expressed as net impairment charges to average gross loan portfolio, decreased to 9,0% (6M 2023: 11,0%).

Operating expenses

Operating expenses for the period increased by 3,5% to 21.152 thousand EUR (6M/2023: 20.445 thousand EUR). In the prior-year period, legal and consulting costs were incurred in connection with the integration of Energbank. Advertising expenses accounted for 11,5% (6M/2023: 9,1%) of operating expenses while expenses on IT accounted for 8,1% (6M/2023: 7,7%).

Breakdown of operating expenses

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Personnel	-11.638	-10.782	7,9%
Advertising expenses	-2.438	-1.869	30,4%
IT	-1.713	-1.577	8,6%
Debt collection	-701	-509	37,7%
Legal and consulting	-1.134	-1.695	-33,1%
Rent and utilities	-330	-323	2,1%
Taxes	-437	-452	-3,3%
Travel	-281	-299	-6,1%
Other	-2.481	-2.939	-15,6%
Total	-21.152	-20.445	3,5%
<i>lute Non-Bank</i>	<i>-16.164</i>	<i>-15.643</i>	<i>3,3%</i>
<i>Energbank</i>	<i>-4.988</i>	<i>-4.802</i>	<i>3,9%</i>

Excluding personnel expenses, operating expenses decreased by 1,5% to 9.514 thousand EUR (6M/2023: 9.663 thousand EUR).

Personnel expenses

Personnel expenses, mainly salaries and bonuses, and social security expenses increased by 7,9% to 11.638 thousand EUR (6M/2023: 10.782 thousand EUR). The recruitment of top-class talents related to insurance brokerage and wallet services was particularly noticeable here. The average staff number in full-time with 939 employees decreased as a result of the wind-down of operations in Bosnia and Herzegovina and efficiency measures at Energbank (6M/2023: 979 employees).

Breakdown of personnel expenses

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Salaries and bonuses	-9.553	-8.738	9,3%
Social security expenses	-1.662	-1.572	5,7%
Medical insurance expenses	-87	-82	6,6%
Other expenses	-336	-390	-13,8%
Total	-11.638	-10.782	7,9%
<i>lute Non-Bank</i>	-7.713	-6.876	12,2%
<i>Energbank</i>	-3.925	-3.907	0,5%
Number of employees adjusted to full-time	938	979	-4,2%
<i>lute Non-Bank</i>	492	495	-0,6%
<i>Energbank</i>	446	484	-7,9%

Foreign exchange gains/losses

Foreign exchange movements resulted in a gain of 1.167 thousand EUR (6M/2023: gain of 2.938 thousand EUR) reflecting, in particular, EUR/MDL and EUR/ALL conversion rates.

Profit before tax

Consolidated profit before tax decreased to 4.932 thousand EUR (6M/2023: 8.089 thousand EUR). The profit margin before tax decreased to 10,9% (6M/2023: 17,6%).

Income tax expense

Income tax expense decreased to 864 thousand EUR (6M/2023: 1.118 thousand EUR), in particular, as a result of different taxation regulations in home markets, i.e., differences between provisions accounting in national GAAP and IFRS.

Breakdown of income tax

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Consolidated profit before tax	4.932	8.089	-39,0%
Current income tax expense	-864	-1.118	-22,8%
Net profit for the period	4.068	6.971	-41,6%

Profit for the period

Net profit for the period decreased to 4.068 thousand EUR (6M/2023: 6.971 thousand EUR), attributable to increased personal expenses related to recruiting of highly talented personnel, while the prior-year period was influenced by stronger FX gains

Transition statement of non-IFRS measures EBITDA and Adjusted EBITDA

Breakdown of transition to adjusted EBITDA

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Profit for the period	4.068	6.971	-41,6%
Provision for corporate income tax	864	1.118	-22,8%
Interest expense	13.909	13.099	6,2%
Depreciation and amortization	2.345	1.815	29,2%
EBITDA	21.187	23.004	-7,9%
Adjustments	-667	113	-690,2%
Adjusted EBITDA	20.520	23.117	-11,2%

Breakdown of adjustments to EBITDA

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Foreign exchange gains/losses	-1.167	-2.938	-60,3%
One-time expenses not attributable to operations	500	3.051	-83,6%
Adjustments	-667	113	-690,2%

Note: In the prior-year period, one-off expenses not attributable to the operating business comprised the acquisition of Energbank as well as related IT, risk and customer experience environment analyses for the integration of Energbank.

Condensed statement of financial position

(In thousand EUR)	30 June 2024	31 Dec. 2023	Δ in %
ASSETS			
Cash and cash equivalents	66.230	71.660	-7,6%
<i>lute Non-Bank</i>	16.322	17.231	-5,3%
<i>Energbank</i>	49.908	54.429	-8,3%
Loans to customers	265.713	232.171	14,4%
<i>lute Non-Bank</i>	186.519	169.414	10,1%
<i>Energbank</i>	79.194	62.757	26,2%
Prepayments	2.404	1.835	31,0%
Other assets	9.318	8.570	8,7%
Other financial investments	31.322	41.730	-24,9%
Property, plant, and equipment	7.166	8.374	-14,4%
Right-of-use assets	2.512	1.582	58,7%
Intangible assets	11.836	9.878	19,8%
Total assets	396.500	375.799	5,5%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	311.781	291.275	7,0%
Lease liabilities	2.560	1.687	51,8%
Trade and other payables	1.780	2.796	-36,3%
Current income tax liabilities	311	679	-54,3%
Other tax liabilities	214	219	-2,2%
Other liabilities	10.451	15.325	-31,8%
Total liabilities	327.098	311.981	4,8%
Equity			
Minority share	4.760	4.661	2,1%
Share capital	10.346	10.346	n/a
Share premium	741	741	
Legal reserve	1.035	1.000	3,5%
Revaluation reserve	799	799	0,1%
Unrealized foreign exchange differences	7.104	5.650	25,7%
Retained earnings	44.618	40.621	9,8%
Total equity	69.403	63.818	8,8%
Total equity and liabilities	396.500	375.799	5,5%

Assets

Total assets increased by 5,5% to 396.500 thousand EUR as of 30 June 2024 (31 Dec. 2023: 375.799 thousand EUR).

Loan portfolio

The net loan portfolio increased by 14,4% to 265,713 thousand EUR as of 30 June 2023 (31 Dec. 2023: 232.171 thousand EUR). The weighted average loan maturity stood at 28% (6M/2023: 23%).

Breakdown of net portfolio

(In thousand EUR)	30 June 2024	Total in %	31 Dec. 2023	Total in %	Δ in %
Moldova	59.369	22,3%	56.979	24,5%	4,2%
Energbank	79.195	29,8%	62.757	27,0%	26,2%
Albania	80.578	30,3%	72.418	31,2%	11,3%
Macedonia	32.584	12,3%	30.187	13,0%	7,9%
Bulgaria	13.795	5,2%	9.006	3,9%	53,2%
Discontinued operations					
Bosnia	192	0,1%	824	0,4%	-76,7%
Total net loan portfolio	265.713	100,0%	232.171	100,0%	14,4%

Breakdown of loan applications

in pcs	6M/2024			6M/2023			Δ in %		
	Processed	Paid out	Approval rate in %	Processed	Paid out	Approval rate in %	Processed	Paid out	Approval rate in %
Moldova	101.900	57.498	59,7%	103.383	64.528	67,1%	-1,4%	-10,9%	-11,1%
Energbank	4.201	3.861	82,9%	5.465	4.052	75,4%	-23,1%	-4,7%	9,9%
Albania	80.521	64.691	68,6%	79.765	62.971	70,0%	0,9%	2,7%	-2,0%
Macedonia	41.722	27.366	60,3%	34.985	23.164	63,3%	19,3%	18,1%	-4,7%
Bosnia	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Bulgaria	62.960	13.915	22,9%	66.014	13.036	20,5%	-4,6%	6,7%	11,8%
In total	291.304	167.331	58,9%	289.612	167.751	59,7%	0,6%	-0,3%	-1,5%

The recognition of loan applications according to Iute Non-Bank principles has not yet been implemented in Energbank's processes.

Breakdown of issued loans Nominal APR on country level

(In %)	6M/2024	6M/2023	Δ in %	3M/2024	3M/2023	Δ in %	12M/2023	12M/2022	Δ in %	9M/2023	9M/2022	Δ in %
Moldova	32,1%	42,5%	-24,5%	32,5%	42,1%	-22,8%	41,3%	42,7%	-3,3%	42,8%	43,9%	-2,5%
Albania	38,5%	51,5%	-25,2%	38,0%	54,8%	-30,7%	45,8%	54,3%	-15,7%	48,4%	53,8%	-10,0%
Macedonia	41,3%	50,3%	-17,9%	42,2%	52,9%	-22,2%	45,2%	42,6%	6,2%	47,1%	41,3%	14,0%
Bosnia	n/a	n/a	n/a	0,0%	0,0%	n/a	0,0%	42,0%	n/a	0,0%	42,0%	n/a
Bulgaria	41,5%	42,1%	-1,4%	42,5%	42,4%	0,2%	42,5%	39,6%	7,4%	42,1%	39,2%	7,4%
Iute Group WAVG	37,4%	47,0%	-20,4%	37,7%	48,1%	-21,6%	43,9%	46,9%	-6,3%	45,6%	46,8%	-2,6%
Energbank	12,4%	18,1%	-31,5%	12,6%	19,9%	-36,7%	13,8%	14,5%	-4,7%	14,3%	14,4%	-0,6%

Breakdown of issued loans Active APR on country level

Active APR is the WA APR for all currently active loans. It is measured in addition to the Nominal APR (which is calculated upon signing of the loan agreement), in order to understand how the APR of a portfolio has evolved in reality (reflecting various changes in the initially agreed repayment schedule). Moreover, since the durations (and APRs) of loans are very different, some loans are amortized much faster than others and their share in the payout can be significantly higher than in the portfolio.

(In %)	6M/2024	6M/2023	Δ in %	3M/2024	3M/2023	Δ in %	12M/2023	12M/2022	Δ in %	9M/2023	9M/2022	Δ in %
Moldova	35,2%	43,0%	-18,1%	32,1%	42,5%	-24,5%	32,1%	42,5%	-24,5%	32,1%	42,5%	-24,5%
Albania	39,2%	49,0%	-20,0%	38,5%	51,5%	-25,2%	38,5%	51,5%	-25,2%	38,5%	51,5%	-25,2%
Macedonia	41,4%	46,4%	-10,8%	41,3%	50,3%	-17,9%	41,3%	50,3%	-17,9%	41,3%	50,3%	-17,9%
Bulgaria	42,3%	42,2%	0,2%	41,5%	42,1%	-1,4%	41,5%	42,1%	-1,4%	41,5%	42,1%	-1,4%
Iute Group WAVG	38,6%	45,9%	-15,9%	37,4%	47,0%	-20,4%	37,4%	47,0%	-20,4%	37,4%	47,0%	-20,4%
Energbank	12,4%	43,0%	-31,5%	12,4%	18,1%	-31,5%	12,4%	18,1%	-31,5%	12,4%	18,1%	-31,5%

The decrease in average annual percentage rates (APR) at group level in 6M/2024 relates to intensified competition across operating countries as well as to the shift to longer loan maturities and the increasing share of repeating customers. In Moldova and Albania, tighter regulatory caps on APR became effective.

Breakdown of customer performance index (CPI30)

The following table sets out the ratio of actual loan repayments compared to expected repayments according to loan repayment schedules, plus 30 days delay tolerance, i.e., Customer Performance Index (CPI30). Performance of newly paid out loans improved with promising trends most significantly in Moldova and Macedonia. The CPI of the overall portfolio is improving as the proportion of newly paid out loans in the overall portfolio increases. While the improvements in Bulgaria are better than in other countries but still below expectations, a sustainable quality is expected by the end of 2024 with changes in credit risk models and parameters as well as in marketing activities.

(In %)	6M/2024	6M/2023	Δ in %	3M/2024	3M/2023	Δ in %	12M/2023	12M/2022	Δ in %	9M/2023	9M/2022	Δ in %
Moldova	90,1%	90,4%	-0,3%	89,8%	91,0%	-1,3%	90,0%	91,0%	-1,1%	90,0%	90,8%	-0,9%
Albania	87,0%	87,4%	-0,4%	87,0%	87,1%	-0,1%	87,2%	91,9%	-5,1%	86,2%	92,3%	-6,6%
Macedonia	85,5%	86,8%	-1,5%	85,2%	87,1%	-2,2%	86,0%	89,1%	-3,5%	86,2%	89,2%	-3,4%
Bulgaria	81,8%	80,5%	1,6%	80,8%	80,2%	0,7%	80,9%	75,5%	7,2%	80,8%	73,3%	10,2%
Iute Group WAVG	86,4%	88,2%	-2,0%	86,4%	88,1%	-1,9%	87,3%	90,4%	-3,4%	87,3%	90,5%	-3,5%

CPI30 is a proprietary Iute Non-Bank metric that has not yet been implemented in Energbank processes.

Breakdown of portfolio classification

The following tables set out the classification of the Group's net loan portfolio in terms of overdue buckets as well as the total impairment coverage ratio. Non-performing loans are recorded according to DPD+50.

(In thousand EUR)	30 June 2024				31 Dec. 2023			
	Gross amount	Provisions	Net amount	% of net portfolio	Gross amount	Provisions	Net amount	% of net portfolio
Performing	258.135	-5.042	253.093	95,3%	221.858	-5.839	216.019	93,0%
<i>lute Non-Bank</i>	178.441	-4.240	174.201	93,4%	158.715	-5.050	153.666	90,7%
<i>Energbank</i>	79.693	-802	78.892	99,6%	63.143	-789	62.353	99,4%
Non-Performing	26.602	-13.982	12.620	4,7%	30.092	-13.940	16.152	7,0%
<i>lute Non-Bank</i>	23.522	-11.205	12.317	6,6%	27.127	-11.378	15.749	9,3%
<i>Energbank</i>	3.080	-2.777	303	0,4%	2.965	-2.562	404	0,6%
Total portfolio	284.736	-19.023	265.713	100,0%	251.950	-19.779	232.171	100,0%
<i>lute Non-Bank</i>	201.964	-15.445	186.519	70,2%	185.842	-16.428	169.414	73,0%
<i>Energbank</i>	82.773	-3.578	79.194	29,8%	66.108	-3.351	62.757	27,0%

(In thousand EUR)	30 June 2024	Total share in %	31 Dec. 2023	Total share in %
Stage 1	250.145	94,1%	213.369	91,9%
<i>lute Non-Bank</i>	171.417	64,5%	151.127	65,1%
<i>Energbank</i>	78.728	29,6%	62.243	26,8%
Stage 2	2.948	1,1%	2.650	1,1%
<i>lute Non-Bank</i>	2.785	1,0%	2.539	1,1%
<i>Energbank</i>	163	0,1%	111	0,0%
Stage 3	12.620	4,7%	16.152	7,0%
<i>lute Non-Bank</i>	12.317	4,6%	15.749	6,8%
<i>Energbank</i>	303	0,1%	404	0,2%
Total net portfolio	265.713	100,0%	232.171	100,0%
<i>lute Non-Bank</i>	186.519	70,2%	169.414	73,0%
<i>Energbank</i>	79.194	29,8%	62.757	27,0%
Gross NPL ratio	9,3%		11,9%	
<i>lute Non-Bank</i>	11,6%		14,6%	
<i>Energbank</i>	3,7%		4,5%	
Impairment coverage ratio	71,5%		65,7%	
<i>lute Non-Bank</i>	65,7%		60,6%	
<i>Energbank</i>	116,2%		113,0%	

Distribution principles between stages

	30 June 2024	31 Dec. 2023
Stage 1	DPD <=30	DPD <=30
Stage 2	30 < DPD <=50	30 < DPD <=50
Stage 3	DPD > 50	DPD > 50

Other assets and prepayments

Breakdown of other assets and prepayments

(In thousand EUR)	30 June 2024	31 Dec. 2023	Δ in %
Deferred tax assets	787	739	6,5%
Prepayments of rent	79	88	-9,6%
Prepayment of taxes	395	518	-23,8%
Prepayments to suppliers and deferred expenses	1.143	490	133,2%
Prepayments in total	2.404	1.835	31,0%
Receivables from collection companies	2.316	775	199,0%
Other receivables	4.377	4.906	-10,8%
Deposit receivables from partners	2.625	2.458	6,8%
Trade and other receivables in total	9.318	8.138	14,5%
TOTAL	11.721	9.973	17,5%

Liabilities

As of 30 June 2023, total liabilities at 327.098 thousand EUR increased by 4,8% (31 Dec. 2023: 311.981 thousand EUR).

Breakdown of loans and borrowings

Loans and borrowings at 314.342 thousand EUR increased by 7,3% (31 Dec. 2023: 292.961 thousand EUR), accounting for 96,1% of all liabilities (31 Dec. 2023: 93,9%).

(In thousand EUR)	30 June 2024	31 Dec. 2023	Δ in %
Loans from investors	196.587	177.520	10,7%
Due date during next 12 months	89.299	98.747	-9,6%
<i>lute Non-Bank</i>	18.290	19.614	-6,7%
<i>Energbank customer deposits</i>	71.007	79.133	-10,3%
Due date after 12 months	107.288	78.773	36,2%
<i>lute Non-Bank</i>	70.528	50.646	39,3%
<i>Energbank customer deposits</i>	36.760	28.127	30,7%
Bond liabilities	111.172	109.831	1,2%
Due date during next 12 months	0	0	n/a
Due date after 12 months	127.671	109.831	16,2%
Lease liabilities	2.560	1.687	51,8%
Due date during next 12 months	853	776	10,0%
Due date after 12 months	1.707	911	87,5%
Accrued interest	4.022	3.924	2,5%
TOTAL	314.342	292.961	7,3%
<i>weighted average interest rate</i>	9,2%	8,2%	
<i>currency</i>	EUR, MDL, USD; ALL; MKD; RUB; GBP;RON;CAD;BAM	EUR, MDL, USD; ALL; MKD; RUB; GBP;RON,CAD, BAM	

Loans from investors increased to 196.587 thousand EUR (31 Dec. 2023: 177.520 thousand EUR), of which 63.217 thousand EUR (31 Dec. 2023: 45.391 thousand EUR) are accounted for by P2P loans from the Mintos platform and/or others and 107.767 thousand EUR (31 Dec. 2023: 107.260 thousand EUR) for customer deposits and current customer bank accounts.

At the end of Sep. 2021, luteCredit Finance S.á r.l., wholly owned Luxembourg subsidiary of lute Group AS (formerly: luteCredit Europe AS), issued 75 million EUR senior secured corporate bonds with a maturity of 5 years and a coupon of 11% (ISIN: XS2378483494). The bonds were subscribed by professional as well as retail investors and are listed on the Regulated Market of the Frankfurt Stock Exchange as well as on the Regulated Market of the Nasdaq Tallinn Stock Exchange. In Mar. 2023, a 40 million EUR tap at a price of 96.5% followed, of which 23.3 million EUR related to the conversion of EUR 2019/2023 bonds and 16.7 million EUR to new subscriptions. After the tap issue, the total amount outstanding of lute Group's 11% corporate bonds 2021/2026 amounts to 115 million EUR. In July 2023, a 10 million EUR tap followed, increasing the total volume of the bond to 125 million EUR. In July 2023, the total volume of the bond increased by 10 million EUR to 125 million EUR as a result of another exchange offer for the expiring EUR 2019/2023 bonds (repaid in Aug. 2023) and a tap issue. In Aug. 2023, lute Group held a bondholders meeting to amend the terms and conditions of its EUR 2021/2026 bonds. The proposals included lowering the interest coverage ratio in relation to the incurrence test, increasing the flexibility of the permitted debt baskets, and facilitating the implementation of employee participation programs. Bondholders resolved all proposed amendments with great consent.

In Oct. 2022, lute Group AS (formerly: luteCredit Europe AS) concluded a credit facility of up to 10 million USD with a term of 3 years and an interest rate of 13% with a Singaporean financial services institution. A first tranche of 3 million USD was utilized in Oct. 2022. Two tranches of 1 million USD each were utilized in July and Aug. 2023, and one further tranche of 3,5 million USD in Dec. 2023. In addition, in January 2024, two further credit facilities of approx. USD 3.5 million each were concluded and utilized in Feb. and Mar. 2024.

In July 2024, lute Group was assigned a B- (Stable Outlook) Long-Term Issuer Default Rating (IDR) and a B- Senior Secured Debt Rating for its Corporate Bond 2021/2026 from Fitch Ratings (Fitch).

Eurobond covenant ratios

	30 June 2024	31 Dec. 2023	Δ in %
Capitalization			
Capitalization ratio (Equity/net loan portfolio)	26,1%	27,5%	-5,0%
Financial covenant at least	15%	15%	
	6M/2024	6M/2023	Δ in %
Profitability			
Interest coverage ratio (ICR), times (Adjusted EBITDA/interest expenses)	1,5	1,8	-14,5%
Financial covenant at least	1,5	1,5	

Distribution of investor loan (Mintos)

(In thousand EUR)	Mintos loans			Net loan portfolio			
	30 June 2024	31 Dec. 2023	Δ in %	30 June 2024	Total share in %	31 Dec. 2023	Total share in %
Moldova	16.806	16.031	4,8%	59.369	28,3%	56.979	28,1%
Energbank	0	0	n/a	79.195	n/a	62.757	n/a
Albania	17.788	18.685	-4,8%	80.578	22,1%	72.418	25,8%
Macedonia	12.124	10.676	13,6%	32.584	37,2%	30.187	35,4%
Bosnia	0	0	n/a	192	0,0%	824	n/a
Bulgaria	0	0	n/a	13.795	0,0%	9.006	n/a
Total	46.718	45.391	2,9%	265.713	27,1%	232.171	28,4%

Other liabilities

Breakdown of other liabilities

(In thousand EUR)	30 June 2024	31 Dec. 2023	Δ in %
Trade payables	1.780	1.855	-4,0%
Payables to employees	836	942	-11,2%
Corporate income tax payables	311	679	-54,3%
Other tax payables	1.048	1.022	2,6%
Allocations and other provisions	395	1.452	-72,8%
Wallet balance	4.506	3.005	49,9%
Deferred revenue	328	0	n/a
Unpaid dividends	4	4.001	-99,9%
Over-/wrong payments from customers	907	465	95,1%
Other liabilities	2.642	5.599	-52,8%
TOTAL	12.756	19.020	-34,6%

Equity

As of 30 June 2024, equity increased by 8,8% to 69.403 thousand EUR (31 Dec. 2023: 63.818 thousand EUR), representing an equity to assets ratio of 17,5% (31 Dec. 2023: 17,0%). The equity to net loan portfolio ratio stood at 26,1% (31 Dec. 2023: 27,5%), reflecting the Group's strong capitalization, and exceeds lute Group Eurobond covenants of at least 15% significantly.

Off-balance sheet arrangements

Future receivable commission fees, guarantee fees, administration fees, collaterals of car loan credit, and penalties (penalties are also called: secondary receivables) are not accounted in the Group's balance sheet, although the customers have a legally binding, irreversible obligation to pay those receivables in full according to the terms of signed loan agreements.

Recent developments

There were no significant events affecting earnings, assets and financial position after the end of the reporting period.

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Interest and similar income	45.196	46.034	-1,8%
Interest and similar expense	-13.909	-13.099	6,2%
Net interest and commission fee income	31.286	32.935	-5,0%
Loan administration fees and penalties	3.600	3.203	12,4%
Loan administration fees and penalties in total	3.600	3.203	12,4%
Other income	4.808	2.624	83,2%
Allowances for loan impairment	-12.432	-11.351	9,5%
Net operating income	27.263	27.412	-0,5%
Personnel expenses	-11.638	-10.782	7,9%
Depreciation/amortization charge	-2.345	-1.815	29,2%
Other operating expenses	-9.514	-9.662	-1,5%
Total operating expenses	-23.498	-22.260	5,6%
Foreign exchange gains/losses	1.167	2.938	-60,3%
Net financial result	1.167	2.938	-60,3%
Profit before tax	4.932	8.089	-39,0%
Income tax expense	-864	-1.118	-22,8%
Profit for the reporting period	4.068	6.971	-41,6%
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	0	-103	n/a
Other comprehensive income total	1.516	2.515	-39,7%
Comprehensive income total	5.584	9.486	-41,1%
Profit attributable to:			
Equity holders of the parent	4.031	6.889	-41,5%
Equity holders of minority	37	82	-54,9%
Total comprehensive income attributable to:			
Equity holders of the parent	5.486	9.404	-41,7%
Equity holders of minority	99	82	20,6%

Iute Non-Bank statement of comprehensive income

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Interest and similar income	37.587	36.880	1,9%
Interest and similar expense	-12.671	-11.492	10,3%
Net interest and commission fee income	24.916	25.388	-1,9%
Loan administration fees and penalties	3.554	3.170	12,1%
Loan administration fees and penalties in total	3.554	3.170	12,1%
Other income	4.294	2.630	63,3%
Allowances for loan impairment	-12.204	-12.033	1,4%
Net operating income	20.559	19.155	7,3%
Personnel expenses	-7.713	-6.876	12,2%
Depreciation/amortization charge	-1.734	-1.408	23,2%
Other operating expenses	-8.451	-8.768	-3,6%
Total operating expenses	-17.898	-17.052	5,0%
Foreign exchange gains/losses	1.173	3.016	-61,1%
Net financial result	1.173	3.016	-61,1%
Profit before tax	3.834	5.120	-25,1%
Income tax expense	-638	-918	-30,5%
Profit for the reporting period	3.195	4.202	-24,0%
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	2.978	2.284	30,4%
Other comprehensive income total	2.978	2.284	30,4%
Comprehensive income total	6.173	6.486	-4,8%
Profit attributable to:			
Equity holders	3.195	4.202	-24,0%
Total comprehensive income attributable to:			
Equity holders	6.173	6.486	-4,8%

Energbank statement of comprehensive income

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Interest and similar income	7.608	9.154	-16,9%
Interest and similar expense	-1.238	-1.607	-23,0%
Net interest and commission fee income	6.370	7.547	-15,6%
Loan administration fees and penalties	46	33	40,3%
Loan administration fees and penalties in total	46	33	40,3%
Other income	515	-41	n/a
Allowances for loan impairment	-199	-66	201,1%
Net operating income	6.733	7.473	-9,9%
Personnel expenses	-3.925	-3.907	0,5%
Depreciation/amortization charge	-611	-406	50,4%
Other operating expenses	-1.063	-895	18,8%
Total operating expenses	-5.599	-5.208	7,5%
Foreign exchange gains/losses	-6	-79	-92,0%
Net financial result	-6	-79	-92,0%
Profit before tax	1.127	2.186	-48,4%
Income tax expense	-225	-200	12,6%
Profit for the reporting period	902	1.986	-54,6%

Consolidated statement of financial position

(In thousand EUR)	30 June 2024	31 Dec. 2023	Δ in %
ASSETS			
Cash and cash equivalents	66.230	71.660	-7,6%
Loans to customers	265.713	232.171	14,4%
Prepayments	2.404	1.835	31,0%
Other assets	9.318	8.570	8,7%
Other financial investments	31.322	41.730	-24,9%
Property, plant, and equipment	7.166	8.374	-14,4%
Right-of-use assets	2.512	1.582	58,7%
Intangible assets	11.836	9.878	19,8%
Total assets	396.500	375.799	5,5%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	311.781	291.275	7,0%
Lease liabilities	2.560	1.687	51,8%
Trade and other payables	1.780	2.796	-36,3%
Current income tax liabilities	311	679	-54,3%
Other tax liabilities	214	219	-2,2%
Other liabilities	10.451	15.325	-31,8%
Total liabilities	327.098	311.981	4,8%
Equity			
Minority share	4.760	4.661	2,1%
Share capital	10.346	10.346	n/a
Share premium	741	741	
Legal reserve	1.035	1.000	3,5%
Revaluation reserve	799	799	0,1%
Unrealized foreign exchange differences	7.104	5.650	25,7%
Retained earnings	44.618	40.621	9,8%
Total equity	69.403	63.818	8,8%
Total equity and liabilities	396.500	375.799	5,5%

Iute Non-Bank statement of financial position

(In thousand EUR)	30 June 2024	31 Dec. 2023	Δ in %
ASSETS			
Cash and cash equivalents	16.322	17.231	-5,3%
Loans to customers	186.519	169.414	10,1%
Prepayments	1.682	1.459	15,3%
Other assets	8.024	3.121	157,1%
Other financial investments	37.226	39.606	-6,0%
Property, plant, and equipment	875	939	-6,7%
Right-of-use assets	2.216	1.426	55,4%
Intangible assets	11.202	10.332	8,4%
Total assets	264.066	243.527	8,4%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	199.754	180.157	10,9%
Lease liabilities	2.262	1.530	47,9%
Trade and other payables	1.681	1.739	-3,3%
Current income tax liabilities	26	628	-95,9%
Deferred tax liabilities	831	797	4,3%
Other liabilities	7.576	13.778	-45,0%
Total liabilities	212.131	198.629	6,8%
Equity			
Share capital	10.346	10.346	n/a
Share premium	741	741	n/a
Legal reserve	1.035	1.000	3,5%
Foreign currency exchange reserve	7.380	4.402	67,7%
Retained earnings	32.434	28.409	14,2%
Total equity	51.935	44.898	15,7%
Total equity and liabilities	264.066	243.527	8,4%

Energbank statement of financial position

(In thousand EUR)	30 June 2024	31 Dec. 2023	Δ in %
ASSETS			
Cash and cash equivalents	49.908	54.429	-8,3%
Loans to customers	79.194	62.757	26,2%
Prepayments	721	377	91,6%
Other assets	1.294	1.208	7,1%
Other financial investments	27.713	40.999	-32,4%
Property, plant, and equipment	6.291	6.392	-1,6%
Right-of-use assets	296	156	89,1%
Intangible assets	634	589	7,6%
Total assets	166.051	166.908	-0,5%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	112.028	111.118	0,8%
Lease liabilities	298	157	90,3%
Trade and other payables	153	156	-2,2%
Current income tax liabilities	285	51	455,3%
Deferred tax liabilities	214	219	-2,2%
Other liabilities	1.982	1.651	20,0%
Total liabilities	114.959	113.352	1,4%
Equity			
Share capital	5.010	5.010	n/a
Share premium	6.190	6.136	0,9%
Legal reserve	521	517	0,9%
Revaluation reserve	1.412	1.448	-2,5%
Foreign currency exchange reserve	-178	235	n/a
Other reserves	2.497	2.273	9,8%
Retained earnings	35.641	37.938	-6,1%
Total equity	51.092	53.556	-4,6%
Total equity and liabilities	166.051	166.908	-0,5%

Consolidated statement of cash flows

(In thousand EUR)	6M/2024	6M/2023	Δ in %
Paid prepayments (-)	-5.779	-5.076	13,8%
Received pre- and overpayments (+)	7.627	783	874,0%
Paid trade payables outside the Group (-)	-13.225	-12.600	5,0%
Received debts from buyers and received other claims (+)	1.964	320	513,7%
Paid net salaries (-)	-8.400	-7.584	10,8%
Paid tax liabilities, excl. CIT (-)	-4.152	-4.259	-2,5%
Corporate income tax paid (-)	-1.529	-803	90,4%
Paid out to customers outside the Group (-)	-161.084	-122.701	31,3%
Change in MasterCard settlement account (+/-)	-362	-7.660	-95,3%
Principal repayments from customers outside the Group (+)	135.188	118.993	13,6%
Loan principal repayments from customers related to MasterCard (+)	0	0	-5,9%
Interest, commission and other fees received outside the Group (+)	40.793	43.371	73,9%
NET CASH FLOWS FROM OPERATING ACTIVITIES	-8.956	2.785	>1.000%
Purchase of fixed assets outside the Group, incl. prepayments (-)	-1.702	-2.239	-24,0%
Payments for other financial investments (-)	-2.434	-23.273	-89,5%
Receipts from other financial investments (+)	16.450	26.473	-37,9%
NET CASH FLOWS FROM INVESTING ACTIVITIES	12.314	962	>1.000%
Loans received from investors outside the Group (+)	37.057	28.456	30,2%
Repaid loans to investors outside the Group (-)	-29.636	-11.159	165,6%
Principal payments of financial lease contracts (-)	-625	-768	-18,6%
Interests paid outside the Group (-)	-11.609	-11.622	-0,1%
Receipts from other financing activities (+)	23	16	42,9%
NET CASH FLOWS FROM FINANCING ACTIVITIES	-8.787	4.924	n/a
Change in cash and cash equivalents	-5.429	8.671	n/a
Cash and cash equivalents at the beginning of the period	59.251	65.647	-9,7%
Change in cash and cash equivalents	-5.429	8.671	n/a
Net foreign exchange difference	117	1.500	-92,2%
Cash and cash equivalents at the end of the period	53.939	75.818	-28,9%
Cash and cash equivalents comprise	30 June 2024	31 Dec. 2023	Δ in %
Cash on hand	8.218	7.616	7,9%
Non-restricted current account	45.721	68.203	-33,0%

Consolidated statement of changes in equity

(In thousand EUR)	Share capital	Share premium	Legal reserve	Unrealized foreign exchange differences	Revaluation reserve	Retained earnings	Minority share	Total
01/01/23	10.000	0	1.000	-374	0	38.514	4.468	53.608
Profit for the year	0	0	0	0	0	6.889	82	6.971
Other comprehensive income								
Foreign currency translation	0	0	0	2.515	0	0	0	2.515
Revaluation reserve of financial assets	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	2.515	0	6.889	82	9.486
30/06/23	10.000	0	1.000	2.141	0	45.403	4.550	63.094
01/01/24	10.346	741	1.000	5.650	799	40.621	4.661	63.818
Profit for the period	0	0	0	0	0	4.031	37	4.068
Other comprehensive income								
Foreign currency translation	0	0	0	1.454	0	0	62	1.516
Revaluation reserve of financial assets	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	1.454	0	4.031	99	5.584
Allocation to legal reserve	0	0	35	0	0	-35	0	0
30/06/24	10.346	741	1.035	7.104	799	44.618	4.760	69.403

Additional consolidated key performance indicators

Profitability	6M/2024	6M/2023	Δ in %
Return on average assets	2,0%	4,2%	-2,2%
Return on average equity	10,9%	23,4%	-12,5%
Interest income/Average interest-earning assets	15,6%	19,6%	-4,0%
Interest income/Average gross loan portfolio	17,5%	21,8%	-4,3%
Interest income/Average net loan portfolio	18,2%	22,9%	-4,8%
Interest expense/Interest income	30,8%	28,5%	2,3%
Cost of funds	4,4%	4,8%	-0,4%
Cost of interest-bearing liabilities	4,6%	5,0%	-0,4%
Net interest margin	25,9%	32,7%	-6,8%
Net effective annualized yield	38,1%	47,2%	-9,1%
Net impairment/interest income	27,5%	24,7%	2,8%
Net interest fee and commission income/Total operating income	91,0%	94,9%	-3,9%
Earnings before taxes/Average total assets	1,3%	2,4%	-1,1%
Efficiency	6M/2024	6M/2023	Δ in %
Total assets/Employee (in thousand EUR)	423	356	18,7%
Total operating income/Employee (in thousand EUR)	57	53	7,9%
Cost/Income ratio	43,8%	42,9%	0,9%
Total recurring operating costs/Average total assets	0,9%	0,8%	0,0%
Total operating income/ Average total assets	13,9%	15,5%	-1,6%
Personnel costs/Total recurring operating costs	351,4%	392,2%	-40,8%
Personnel costs/Total operating income	21,7%	20,8%	0,9%
Net operating income/Total operating income	50,9%	52,9%	-2,0%
Net income (Loss)/Total operating income	13,7%	26,2%	-12,4%
Profit before tax (Loss)/Interest income	10,9%	17,6%	-6,7%
Liquidity	6M/2024	6M/2023	Δ in %
Net loan receivables/Total assets	67,0%	61,8%	5,2%
Average net loan receivables/Average total assets	64,5%	59,9%	4,6%
Net loan receivables/Total liabilities	81,2%	74,4%	6,8%
Interest-earning assets/Total assets	73,0%	73,3%	-0,3%
Average interest-earning assets/Average total assets	73,1%	69,9%	3,2%
Liquid assets/Total assets	24,6%	30,2%	-5,6%
Liquid assets/Total liabilities	29,8%	36,3%	-6,5%
Total deposits/Total assets	7,1%	11,0%	-3,9%
Total deposits/Total liabilities	8,6%	13,2%	-4,7%
Total deposits/Shareholders' equity	40,4%	64,8%	-24,4%
Tangible common equity/Tangible assets	15,0%	14,7%	0,2%
Tangible common equity/Net receivables	21,7%	23,2%	-1,6%
Net Loan Receivables/Equity (times)	3,8	3,6	5,2%
Asset quality	6M/2024	6M/2023	Δ in %
Loan loss reserve/Gross receivables from client	6,7%	10,0%	-3,3%
Average loan loss reserve/Average gross receivables from clients	7,5%	10,0%	-2,5%
Cost of risk	9,0%	11,0%	-2,0%
Gross NPL ratio	9,3%	14,4%	-5,1%
Impairment coverage ratio	71,5%	69,7%	1,8%
Selected operating data	6M/2024	6M/2023	Δ in %
Number of employees (adjusted to full-time)	938	979	-4,2%
Average monthly gross salary in group (in EUR)	1.697	1.488	14,1%

DEFINITIONS

EBITDA – EBITDA means for the reporting period prior the calculation date, the consolidated net earnings of the Borrower prepared in accordance with the IFRS before any provision on account of taxation, depreciation and amortization, any interest, commissions, discounts and other fees incurred in respect of any financial debt or any interest earned on debts

Adjusted EBITDA – A non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortization) adjusted for income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items

Adjusted interest coverage – Adjusted EBITDA/interest expense

Cost of risk – Annualized net impairment charges/average gross loan portfolio (total gross loan portfolio as of the start and end of each period divided by two)

Cost/income ratio – Operating costs/operating income

Equity/assets ratio – Total equity/total assets

Equity/net loan portfolio – Total equity/net customer receivables (including accrued interest)

Gross NPL ratio – Non-performing loan portfolio (including accrued interest) with a delay of over 50 days/gross loan portfolio (including accrued interest)

Gross loan portfolio – Total amount receivable from customers, including principal and accrued interest, after deduction of deferred income

Impairment coverage ratio – Total impairment/gross NPL (+50 days overdue)

Intangible assets – Intangible IT assets (software and developments costs)

Interest and similar income – Generated from our customer loan portfolio

Loss given default – Loss on non-performing loan portfolio (i.e., 1 – recovery rate) based on recoveries during the appropriate time window for the specific product, reduced by costs of collection, discounted at the weighted average effective interest rate

Net effective annualized yield – Annualized interest income (excluding penalties)/average net loan principal

Net impairment to interest income ratio – Net impairment charges on loans and receivables/interest income

Net interest margin – Annualized net interest income/average gross loan principal (total gross loan principal as of the start and end of each period divided by two)

Net loan portfolio – Gross loan portfolio (including accrued interest) less impairment provisions

Non-performing loans (NPLs) – Loan principal or receivables (as applicable) that are over 50 days past due

Overall provision coverage – Allowance account for provisions/non-performing receivables

Profit before tax margin – Profit before tax/interest income

Performing customers – Online lending customers with open loans that are up to 30 days past due

Poorly performing customers – Online lending customers with open loans that are over 30 days and less than 50 days past due

Return on average assets – Annualized profit from continuing operations/average assets (total assets as of the start and end of each period divided by two)

Return on average equity – Annualized profit from continuing operations/average equity (total equity as of the start and end of each period divided by two)

Tangible equity – Total equity minus intangible assets

STAGE 1 – The 12MECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12MECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

STAGE 2 – When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

STAGE 3 – For loans considered credit-impaired, the Group recognizes the lifetime expected credit losses for these loans. The method is similar for Stage 2 assets, with the PD set at 100%.

Iute Non-Bank – Iute Group’s lending business is focused on performing customers and avoiding poorly performing or defaulting customers. Accordingly, fee income predominantly results from performing customers and primary fees. Primary loan agreement commission fees are charged for receiving, processing loan applications and issuing loans, or modifying valid loan conditions. Interest is charged on the outstanding principal loan amounts. Other primary fees are charged for various services. Secondary fees are applied as a consequence of non-performance of loan repayment payments on the due date. Secondary fees are used to offset the Group’s exposure to payments past due related to the original loan agreements. Secondary fees are accounted as collected, whereas primary fees are accounted as accrued.

Energbank – Iute Groups’ banking business primarily generates interest revenues, investment revenues, and no-interest revenues. Primary loan agreement commission fees are charged for receiving, processing loan applications and issuing loans, or modifying valid loan conditions and are recognized as interest revenues generated by the loan portfolio (retail and corporate). Interest is charged on the outstanding principal loan amounts. Other primary fees are charged for various services. Secondary fees are applied as a consequence of non-performance of loan repayment payments on the due date, being accounted as collected, whereas primary fees are accounted as accrued. Investment revenues mainly result from fixed and variable revenues from mid-term treasury bills and government bonds (both with a maturity of up to 12 months), payable at maturity or monthly. Non-interest revenues consist mainly of fees and commissions for accounts servicing, bank card (VISA, MasterCard) transactional fees, money transfer systems (Western Union, MoneyGram, etc.), and currency exchange.

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ABOUT IUTE GROUP

Iute Group is a fintech company established in 2008 in Estonia. The Group specializes in consumer finance, payment services, banking, and insurance products. It serves customers in Albania, Bulgaria, Moldova, and North Macedonia. Iute Group finances its loan portfolios with equity, deposits, and secured bonds on the Regulated Market of the Frankfurt Stock Exchange and the Nasdaq Baltic Main List.

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